SECOND CHANCE PROPERTIES LTD
(Company Registration No.198103193M)

PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

1.1 The board of directors ("**Directors**") ("**Board**") of Second Chance Properties Ltd ("**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company intends to undertake a proposed bonus issue of free warrants ("**Bonus Warrants**") to subscribe for new ordinary shares in the capital of the Company ("**New Shares**") ("**Proposed Bonus Warrants Issue**").

1.2 The issue of the Bonus Warrants and the New Shares is conditional upon, *inter alia,* the approval of shareholders of the Company having been obtained at an extraordinary general meeting ("**EGM**") and the in-principle approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") having being obtained for the listing of and quotation for the Bonus Warrants and the New Shares on the Official List of the SGX-ST.

1.3 The Company will make an application to the SGX-ST for the listing of the Bonus Warrants and the New Shares. A circular to shareholders setting out the details of the issue of the Bonus Warrants and the New Shares as well as the Notice of EGM will be despatched to shareholders. In view of the exemption accorded under Regulation 24(1) of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005, there will not be any prospectus, profile statement or offer information statement to be issued in relation to, and for the purpose of, the issue of the Bonus Warrants to the shareholders.

2. BONUS WARRANTS

2.1 **Basis of Bonus Warrants**

The Bonus Warrants will be constituted by way of a deed poll ("**Deed Poll**") and will be in registered form. The Deed Poll will be executed at the time of the issue of the Bonus Warrants. The Bonus Warrants are proposed to be issued free to Entitled Shareholders (as defined in paragraph 2.8 below) on the basis of **ONE (1)** Bonus Warrant for every **ONE (1)** existing ordinary share in the issued capital of the Company ("**Share**") held by Entitled Shareholders as at the Books Closure Date (as defined in paragraph 2.9 below), fractional entitlements to be disregarded.

Fractional entitlements to any Bonus Warrant which are disregarded and not allotted to Entitled Shareholders will be aggregated and sold on the SGX-ST for the benefit of the Company or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

2.2 **Size of Issue of Bonus Warrants**

2.2.1 Based solely on the issued and paid-up share capital of the Company of 755,396,152 Shares as at the date of this Announcement, up to 755,396,152 Bonus Warrants will be issued ("**Minimum Scenario**").

The full exercise of all the 755,396,152 Bonus Warrants would result in the issue of up to 755,396,152 New Shares, representing 100% of the Company's issued and paid-up share capital as at the date of this Announcement.

2.2.2 As at the date of this Announcement, the Company has 577,024,950 Existing Warrants (as defined in paragraph 4.1 below) that have yet to be exercised. Assuming that all these Existing Warrants are exercised, the issued and paid-up share capital of the Company will comprise 1,332,421,102 Shares ("**Enlarged Share Capital**"). In such event, up to 1,332,421,102 Bonus Warrants will be issued pursuant to the Proposed Bonus Warrants Issue ("**Maximum Scenario**"). Full exercise of such 1,332,421,102 Bonus Warrants would result in the issue of up to 1,332,421,102 New Shares, representing 100% of the Company's Enlarged Share Capital.

2.3 **Exercise Period**

Subject to the terms and conditions of the Bonus Warrants to be set out in the Deed Poll, the Bonus Warrants may be exercised at any time during the period commencing on the date which is six (6) months after the date of issue of the Bonus Warrants and expiring at 5.00 pm on the date which is the third (3rd) anniversary of the date of issue of the Bonus Warrants ("**Expiry Date**") (but excluding such period(s) during which the register of holders of the Bonus Warrants may be closed) ("**Exercise Period**"). The Bonus Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

An announcement on the expiry of the Bonus Warrants will be made and a notice will be sent to all holders of the Bonus Warrants ("**Warrantholders**") at least one (1) month before the Expiry Date.

2.4 **Exercise Rights and Exercise Price**

Each Bonus Warrant shall confer on the Warrantholder the right to subscribe in cash for one (1) New Share at an exercise price ("**Exercise Price**") of **S$0.25** or such adjusted price as may for the time being be applicable in accordance with the terms and conditions of the Bonus Warrants to be set out in the Deed Poll.

2.5 **Rights of New Shares**

Save as may be provided in the Deed Poll, the New Shares will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save for any dividends, rights, allotments or other distributions, the record date of which falls on or before the relevant dates of exercise of the Bonus Warrants.

2.6 **Adjustments to Bonus Warrants**

The Exercise Price and/or the number of Bonus Warrants held by each Warrantholder will be subject to adjustments under certain circumstances (including, *inter alia*, rights, bonus or other capitalisation issues of the Company) in accordance with the terms and conditions to be set out in the Deed Poll.

2.7 **Modification to the Terms of Bonus Warrants**

Any material alteration in the terms of the Bonus Warrants to the advantage of the Warrantholders is subject to the approval of shareholders except where the alterations are made pursuant to the terms and conditions of the Bonus Warrants.

2.8 **Eligibility to Participate in the Issue of Bonus Warrants**

Shareholders with registered addresses in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided the Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, with addresses in Singapore for the purpose of service of notices and documents ("**Entitled Shareholders**") will be issued the Bonus Warrants on the basis of their shareholdings as at the Books Closure date.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Bonus Warrants will not be issued to shareholders with registered addresses outside Singapore and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). If practicable, the Company may, at its discretion, arrange for such Bonus Warrants, which would otherwise have been allotted to Foreign Shareholders, to be sold on the SGX-ST, and the net proceeds arising therefrom to be dealt with in such way as the Directors may in their absolute discretion deem fit.

2.9 **Books Closure Date**

The date to be determined by the Directors on which the transfer books and Register of Members of the Company will be closed for the purpose of determining shareholders' entitlements to the Bonus Warrants ("**Books Closure Date**") will be announced at a later date after all the necessary approvals have been obtained.

2.10 **Trading**

The Bonus Warrants and the New Shares will, subject to approval for their listing being obtained from the SGX-ST, be traded on the SGX-ST under the book-entry (scrip-less) settlement system. Each board lot of Bonus Warrants will comprise 100 Bonus Warrants or such other number as may be notified by the Company.

2.11 **Warrant Agent**

A warrant agent may be appointed in due course prior to the issue of the Bonus Warrants.

3. PURPOSE OF THE PROPOSED BONUS WARRANTS ISSUE AND USE OF PROCEEDS

The Bonus Warrants are being issued to, *inter alia*, reward shareholders for their continuing support for and participation in the Company. The Bonus Warrants will provide shareholders with the flexibility and opportunity to increase their equity investment in the Company by subscribing for the New Shares at the Exercise Price through the exercise of their Bonus Warrants at any time during the Exercise Period. The Proposed Bonus Warrants Issue may also raise funds for the Group in the future and potentially increase the Company's capital base and strengthen its balance sheet.

Under the Minimum Scenario, the gross proceeds arising from the full exercise of the Bonus Warrants is approximately S$188,849,038. Under the Maximum Scenario, the gross proceeds arising from the full exercise of the Bonus Warrants is approximately S$333,105,275.50. Such proceeds may be used for strategic investments, repayment of borrowings and/or general working capital purposes for the Group, as the Directors may deem fit. The percentage allocation for each intended use cannot be determined at this moment.

As and when any significant amount of such proceeds is deployed, the Company will make the necessary announcements and subsequently provide a status report on the use of such proceeds in its annual report. Pending the deployment of such proceeds for the uses identified above, such proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purpose on a short-term basis as the Directors may deem fit.

4. EXISTING WARRANTS DUE JULY 2017

4.1 Pursuant to the terms and conditions of the instrument executed by the Company by way of a deed poll on 23 July 2012 (the "**Deed Poll**"), 577,024,950 warrants were issued by the Company and will all expire on 24 July 2017 (the "**Existing Warrants**"). As at the date of this Announcement, the Company has 577,024,950 Existing Warrants that have yet to be exercised.

4.2 Under the Deed Poll, the Proposed Bonus Warrants Issue will not give rise to any adjustment to the exercise price of each Existing Warrant and/or the number of Existing Warrants.

5. RESPONSIBILITY STATEMENT

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Bonus Warrants Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where any information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By order of the Board

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar

Chairman and CEO

29 June 2016